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Message Text

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46
ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 IO-14 AGR-20 SP-03 AID-20 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 SWF-02 L-03 H-03 PRS-01 PA-04 USIA-15

TAR-02 /194 R

DRAFTED BY TREAS:JWALLAR;EB/OT/STA:TEDEAL:CLJ
APPROVED BY EB/OT/STA:JPCRAWFORD
TREAS:MMARKS(SUBS)
ARA/BR:JSLATTERY
---------- 030764
P R 101442Z APR 74
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
USMISSION GENEVA

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E.O. 11752: GDS
TAGS: ETRD, BR
SUBJECT: COUNTERVAILING DUTY PROCEEDINGS: SUMMARY OF DISCUSSIONS OF APRIL 4-5 ON BRAZILIAN NON-RUBBER FOOTWEAR

1. SUMMARY: U.S. AND BRAZILIAN DELEGATIONS MET APRIL 4-5 TO DISCUSS COUNTERVAILING DUTY PROCEEDINGS ON BRAZILIAN NON-RUBBER FOOTWEAR. BRAZILIANS WERE NOT PREPARED TO ANSWER QUESTIONS CONCERNING DOMESTIC SHOE INDUSTRY AND EXPORT INCENTIVE PROGRAMS AND THEREFORE LARGELY CONFINED THEMSELVES TO ASKING QUESTIONS ABOUT U.S. COUNTERVAILING DUTY STATUTE. U.S. DELEGATION EXPLAINED OPERATION OF LAW AND INDICATED TYPE OF INFORMATION REQUIRED FOR INVESTIGA-
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TION. BRAZILIANS AGREED TO GATHER SUCH MATERIAL UPON

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RETURN TO BRAZIL. MEETINGS CONCLUDED ON CORDIAL NOTE AFTER RATHER TENSE BEGINNING. END SUMMARY.

2. AFTER INITIAL EXCHANGE OF FORMALITIES, MARKS, WHO CHAIRED U.S. DELEGATION, DESCRIBED OPERATION OF U.S. COUNTERVAILING DUTY LAW PROVIDING EXAMPLES OF PRACTICES WHICH MIGHT BE CONSTRUED AS A BOUNTY OR GRANT. TREASURY REPRESENTATIVES THEN ATTEMPTED TO SHIFT FOCUS OF DISCUSSIONS TO BRAZILIAN SUBSIDY PRACTICES IN QUESTION. BRAZILIANS CLAIMED, HOWEVER, THAT THEY WERE ILL-PREPARED TO DISCUSS SUCH ISSUES DUE TO SHORT TIME AVAILABLE TO STUDY MATTER PRIOR TO DEPARTURE FOR U.S. CONSEQUENTLY, THEY PRESENTED NO INFORMATION REGARDING OPERATION OF

DOMESTIC SHOE INDUSTRY AND EXPORT INCENTIVES AND INSTEAD CONFINED THEMSELVES TO ASKING QUESTIONS ABOUT U.S. ADMINISTRATION OF COUNTERVAILING DUTY LAW. BRAZILIANS ALSO POSED NUMBER OF HYPOTHETICAL EXAMPLES OF EXPORT INCENTIVES AND INQUIRED HOW COUNTERVAILING DUTY LAW MIGHT APPLY.

3. TREASURY OFFICIALS INDICATED TYPE OF INFORMATION REQUIRED FOR INVESTIGATION. BRAZILIAN DELEGATION AGREED TO GATHER NECESSARY MATERIALS UPON RETURN TO BRAZIL. POSSIBILITY WAS DISCUSSED OF SMALL U.S. TECHNICAL TEAM GOING TO BRAZIL TO REVIEW MATERIAL DEVELOPED BEFORE NEXT MEETING IN WASHINGTON. TREASURY OFFICIALS STATED THAT THEY WOULD BE WILLING TO DISCUSS SPECIFIC ISSUES ARISING IN INVESTIGATION PRIOR TO DEADLINE FOR BRAZILIAN WRITTEN SUBMISSION.

4. BRAZILIANS POINTED OUT THAT MORE THAN 100 FIRMS WERE INVOLVED IN SHOE EXPORT TO U.S. TREASURY OFFICIALS SUGGESTED THAT MOST FRUITFUL APPROACH WOULD BE FOR GOB TO RESTRICT ITS INQUIRY TO THOSE FIRMS WHICH ACCOUNT FOR MAJORITY OF EXPORTS TO U.S. SO THAT WRITTEN SUBMISSION COULD BE COMPLETED BY JUNE 8. (FYI: TREASURY IS CONCERNED THAT BRAZILIANS MAY ATTEMPT TO DELAY SUBMISSION BEYOND JUNE 8. END FYI). DEPARTMENT URGES EMBASSY TO TAKE EVERY OPPORTUNITY TO EMPHASIZE TO BRAZILIANS THAT JUNE 8 DEADLINE IS FIRM.
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5. REGARDING TONE OF MEETINGS, BRAZILIANS AT FIRST APPEARED TENSE AND STRAINED ALMOST TO POINT OF BEING HOSTILE. HOWEVER, ATMOSPHERE GRADUALLY EASED AND BY SECOND DAY TALKS WERE RELAXED AND FRANK AND CONCLUDED ON CORDIAL, FRIENDLY NOTE.

6. BRAZILIAN DELEGATION WAS AS FOLLOWS: FRANCISCO

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OSWALDO NEVES DONNELLES, HEAD OF DELEGATION, TAX EXPERT, MINISTRY OF FINANCE; ALBERTO MUNES CARDIGA, FOOTWEAR AND LEATHER PRODUCTS DIV., MINISTRY OF TRADE AND INDUSTRY; CYRO FREIRE CURY, INTERNATIONAL TRADE SPECIALIST, MINISTRY OF FINANCE; LINO BOHN, GENERAL MANAGER, BANK OF BRAZIL; FRANCISCO THOMPSON FLORES AND ROBERTO KRAUSE, BRAZILIAN EMBASSY.

7. FOLLOWING WERE MEMBERS OF U.S. DELEGATION: MATTHEW J. MARKS, DEPUTY ASSISTANT SECRETARY FOR TARIFF AND TRADE AFFAIRS, TREASURY DEPARTMENT; BEN IRVIN, RICHARD SELF, JAMES WALLAR, AND LYNN BARDEN, TREASURY; LOUIS BALABAN AND

VINCENT KANE, CUSTOMS SERVICE; TIMOTHY DEAL, STATE. KISSINGER

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Draft Date: 10 APR 1974
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Decaption Note:
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Disposition Authority: MorefiRH
Disposition Case Number: n/a
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